



Washington State Department of Agriculture News Release

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WASHINGTON STATE DEPARTMENT OF AGRICULTURE

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Seed merchants must be licensed and bonded

OLYMPIA – Businesses purchasing seed from Washington farmers must be licensed and bonded with the Washington State Department of Agriculture (WSDA) under legislation recently signed into law by Gov. Locke. The new requirements take effect on June 10.

WSDA's Commission Merchants Program will do the licensing. There are four licensing categories and most seed businesses will fall in the Dealer or Commission Merchant category, said Jerry Buendel, program manager.

The program works to resolve complaints of nonpayment or illegal practices by farmers and consignors against businesses. While most disputes are resolved by mediation however the agency claims about two bonds each year. Over the last three year the agency has received 238 complaints involving \$12.9 million and has recovered \$5.33 million for Washington farmers.

The Commission Merchants Act, Chapter 20.01 RCW, was put in place more than 70 years ago and has been updated to protect farmers from fraud and other unscrupulous business practices. The bankruptcy of a major seed purchaser, AgriBioTech (ABT), in late 1999 highlighted the need to protect seed producers in the state. Fifty-five producers went unpaid for \$5.4 million in seed they sold to ABT.

"The ABT bankruptcy caused us to take a hard look at the seed industry. We discovered that only about half of the seed businesses were licensed and bonded, Buendel said. "The recent legislation clears up the requirements."

Under the legislation, businesses that contract for seed production, receive seed on consignment or sell seed on a commission basis must be licensed and bonded. Businesses purchasing seed from producers on a cash basis or acting as a broker must also be licensed but are not required to be bonded. The legislation was crafted by an advisory group made up of seed businesses and producers.

The licensees are required to post bonds or a suitable security based on a formula that considers the amount companies owe the farmers. The minimum bond is \$15,000.

Bob Radke, investigations supervisor for the program, said WSDA encourages producers to check the Web site or to contact the agency directly to find out if the business they are dealing with is licensed and bonded.

"Operating without a license is a civil infraction that carries fines up to \$5000 plus court costs," Radke said. "In some cases violations can be prosecuted as a Class C felony that is punishable with up to eight years in prison."

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Radke added that WSDA will increase its enforcement activities against unlicensed dealers across all commodities.

Application forms and bond forms can be found on WSDA's web site at <http://agr.wa.gov/Inspection/CommissionMerchants>. They may also be obtained by calling WSDA at (360) 902-1854 or (509) 225-2616. The site also includes a list of businesses licensed with the department.

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